

PENSION BOARD MEETING

Wednesday, August 12, 2015
9:00 AM – Fourth Floor Conference Room

MEETING MINUTES

Members Present: Bill Bruton Eric Lockhart
Barry Echols Tim Milligan
Philip Goldstein Freddy Morgan
Jake King Jess Zerbe

Absent: Anthony Coleman

Ex-Officio Members: Davy Godfrey -- Director, Human Resources & Risk Management and Pension Board Secretary
Sam Lady – Finance Director

Visitors / Guests Ian Janecek / Scott Arnwine – GAVION, LLC.
Victor Banks – Nationwide
Dan Conn – Director of Public Works
Rob Johnson – Principal Financial Group
Cynthia Sanh – Human Resources – Benefits Manager
Libby Hammock / Meredith Weber – Human Resources

1. **CALL TO ORDER / DECLARATION OF QUORUM** Chairperson Echols

Chairperson Echols declared a quorum and called the meeting to order at 9:00 am. He opened the meeting, commenting that this would be his last Pension Board Meeting serving as Chairperson.

He asked that the Board review the Pension Board Minutes from February 11, 2015, and May 12, 2015, for approval.

2. **MINUTES FOR APPROVAL** Chairperson Echols

Chairperson Echols called for a motion to approve the meeting minutes as presented.

MOTION:

02.11.15 – Meeting Minutes

- Member Bruton called for a motion to approve the February 11, 2015, Meeting Minutes.
 - Second to the motion by Member Morgan.
- Unanimous vote by the Board.

MOTION:

05.13.15 – Meeting Minutes- Member Morgan called for a motion to approve the May 13, 2015, Meeting Minutes.

- Second to the motion by Member Milligan.
- Member Bruton abstained, approved by B. Echols; P. Goldstein; Jake King; Eric Lockhart; Tim Milligan, Freddy Morgan, & Jess Zerbe.
- Unanimous vote by the Board.

3. GAVION

Ian Janecek / Scott Arnwine

Ian opened the presentation by providing a handout reference to the Monthly Report as of July 31, 2015, for review and information.

He then referred the Board to **page 6** of the Quarterly Book in reference to Fund Performance and **page 7** for YTD Performance. He commented that prior years have done very well and, during July & August, domestic has been outperforming. On YTD performance there is a mix of positive and negative results.

Page 4: Ian pointed out that the Performance Summary is down 50 basis points and is now below 95 million.

Page 5 (Growth of Assets): Ian commented that contributions & net withdrawals have caused a drop but have remained at close to \$100 million.

He continued by stating that the managers have done well, historically, with some managers struggling over the last twelve (12) months with the exception of Eagle. Energy is hurting the portfolio and the past 12 months have been difficult. Total Alternative Victory Investment Grade Convertible Securities (Bonds) at 3 mos. is at 11.4%, which is the best asset class YTD and also the best performing in the portfolio.

Ian referred to the July Monthly Report (handout), commenting that the Total Fund has been creative on the 3 & 5 years with a return of 8.5% net of fees and good return on the profile. He continued by stating that Seizart (Total Domestic Equity) is struggling due to exposure to energy. He added that Eagle Capital Management continues to impress with a 6.4% YTD. Westfield Capital All Cap is showing a bounce back performance at YTD 5.5% (Health Care Sector). Energy opportunities are highly volatile, but he feels that they will bounce back.

Members Eric Lockhart and Ex-Officio Member Sam Lady questioned if the City should stay in energy or, per Sam Lady, make a motion to let go of it. Ian confirmed that there is less than 1% in the City portfolio. Ex-Officio Member Lady stated that the Board should go ahead with action to let go of energy, but only when Ian/GAVION felt it was the appropriate time. In response to the concerns, Ian stated that it is difficult to determine when to go out of energy due to inflation and timing of the issue.

Member Goldstein confirmed to Ian that he is fine with the timing. Scott Arnwine added that energy is diversified. The issues are when to get out of the fund and how to do it.

MOTION # 1 ENERGY OPPORTUNITIES CAPITAL

Member Bruton made the motion to exit Energy Opportunities Capital fund.
Second to the Motion: Member Lockhart

Opposed: 1 / Approved: 7

3. **GAVION**
(Continued)

Ian Janecek / Scott Arnwine

MOTION # 2 ENERGY OPPORTUNITIES CAPITAL

Member Goldstein made the motion to give authority to the Chairperson & Finance Director to pull out of the Energy Fund and process reallocation of proceeds after receiving notice from GAVION.

Second to the Motion: Member Zerbe

Opposed: 1 / Approved: 7

NOTE: Per the request of Member Goldstein, an update to the above two (2) motions are to be included on future agendas.

Ian then turned the GAVION presentation over to Scott Arnwine. Scott referenced page 4 (Performance Summary) and pointed out that as a whole the total fund has outperformed. Eagle is the largest fund at a value of \$22,577,290 and is up at 3 Mo to 1.9%. It has a small amount in Energy.

Seizert: Mid cap is negative and underperforming due to energy -0.7 at 3 months.

Westfield Capital: All Cap -2.0 at 3 months. It is the worst quarter due to Health Care & Fixed Income, and the fund is negative.

Victory/Total Alternative: 1.0 at 3 months. It is a Top Performer. The name will soon change to Encore or Incore. Scott is uncertain of the spelling at this time.

The presentation concluded at 9:35 AM. Chairperson Echols expressed his appreciation to Ian and Scott for their time and information. They left the meeting.

4. **PRINCIPAL**

Rob Johnson

Rob opened his presentation starting on page 15 of the Plan Review. He stated that they are making great progress in their efforts for usage on the Internet & Voice Response. For 2015, there have been 356 Internet Users with 5,438 Internet Sessions.

He then proceeded to **page 39 (Investment Performance)**. He stated that they have seen very good and strong performance with the 3 & 5 year numbers. **(Page 40) Small/Mid US Equity:** There are no issues. It is strong and trails off a little. **Harbor International** has shown strong performance with short term at 7.25%. **Morningstar (Foreign Large Blend)** is going in the right direction at 98% wt. toward International Large Cap stocks. **Small Caps** are more volatile. He stated that with the performance this year, he would not be inclined to make any changes. **Diversified International R5 Fund (Foreign Large Blend)** has additional exposure.

Page 41 (Principal Lifetime Funds) (recommended for age 85 years & older): There are some issues, but it is starting to improve. **Page 44 (Dodge & Cox - Fixed Intermediate-Term Bond):** This is a total investment expense run by Principal.

Page 45 (Sub-Advised Investment Options – 3 & 5 years): All have favorable ratings and are in good standing.

4. PRINCIPAL
(Continued)

Rob Johnson

Page 50 (Mutual Funds – Favorable – Small Growth – Harbor / Legg Mason) – These are all neutral, and he asked Chairperson Echols what to do about these.

There were no recommendations at this time. He concluded his presentation at 9:50 am, thanked the Board for their time, and left the meeting.

5. RETIREMENT APPLICATIONS

Davy Godfrey

1. Reynolds, Melissa J. – Consolidated, Lifetime. Survivor Receiving Benefits.
Effective 5/1/2015. Monthly Benefit of \$518.30.
Employed 4/17/2006 to 7/31/07. Beneficiary of Ralph Nuckolls (disability retiree), died 4/2/2015.
2. King, Richard E. – Consolidated, 50% Joint Survivor Pop Up. Normal Joint Survivor Benefit.
Effective 6/1/2015. Monthly Benefit of \$737.88.
Employed 4/11/2005 to 6/1/2015, 10 years, 1 month. Civil Engineer.
3. Russell, John N. – Consolidated, Unreduced Early Joint Survivor Benefit.
Effective 6/1/2015. Monthly Benefit of \$2,004.15.
Employed 6/11/1984 to 6/1/2015, 30 years, 11 months. Streets Foreperson.
4. Stell, Karen M. – Consolidated, Life only. Unreduced Early Benefit.
Effective 6/1/2015. Monthly Benefit of \$1,877.60.
Employed 6/17/1991 to 6/1/2015, 23 years, 11 months. Electrical Dist. Coordinator.
5. Tinney, Steven L. – Consolidated, Life only. Unreduced Early Benefit.
Effective 6/1/2015. Monthly Benefit of \$2,656.54.
Employed 4/24/1986 to 6/1/2015, 29 years, 1 month. Fire Lieutenant - Medic.
6. Ash, James – Consolidated, Life only. Termed Vested (Early) Benefit.
Effective 6/1/2015. Monthly Benefit of \$281.47.
Employed 6/27/78 – 7/12/1989 & 11/21/1994 to 08/11/1995 -11 years, 8 months.
Maintenance Worker (PM).
7. Shepard, Jerome. – Consolidated, Life only. Termed Vested (Early) Benefit.
Effective 6/1/2015. Monthly Benefit of \$463.34.
Employed 7/21/1997 to 11/18/2006, 9 years, 3 months. Police Service Representative.
8. Ayers, James S. – Consolidated, Life only. Unreduced Early Benefit.
Effective 7/1/2015. Monthly Benefit of \$619.44.
Employed 4/24/1990 to 7/1/2015, 25 years, 2 months. CSW II Streets.
9. Bell, Thomas H. – Consolidated, Life only. Normal Benefit.
Effective 7/1/2015. Monthly Benefit of \$1,468.47.
Employed 2/18/2008 to 7/1/2015, 7 years, 4 months. Electrical Director.
10. Freeman, Gregory O. – Consolidated, Life only. Unreduced Early Benefit.
Effective 7/1/2015. Monthly Benefit of \$2,532.75.
Employed 6/27/1985 to 7/1/2015, 30 years. Electrical Line Foreperson.

5. RETIREMENT APPLICATIONS
(Continued)

Davy Godfrey

11. Keith, Robert E. – Consolidated, Life only. Early Benefit.
Effective 7/1/2015. Monthly Benefit of \$421.00.
Employed 11/6/2000 to 7/1/2015, 14 years, 7 months. CSW II Parks & Grounds.
12. Moss Sr, Reginald E. – Consolidated, Life only. Unreduced Early Benefit.
Effective 7/1/2015. Monthly Benefit of \$1,329.12.
Employed 6/17/1988 to 7/1/2015, 27 years. Meter Service Worker.
13. Pass, Philip L. – Plan 4022, Termed Vested. Normal Joint Survivor Benefit.
Effective 7/1/2015. Monthly Benefit of \$1,073.17.
Employed 5/19/1983 to 5/06/2005, 21 years, 11 months. Firefighter I.
14. Stephens, Wesley G. – Plan 4022, 100% Joint Survivor. Termed Vested (Early) Benefit.
Effective 7/1/2015. Monthly Benefit of \$48.14.
Employed 8/3/1978 to 8/3/1984, 6 years, 7 days. Equipment Operator.
15. Scott, Ricky J. – Consolidated, Life only. Termed Vested (Early) Benefit.
Effective 8/1/2015. Monthly Benefit of \$235.43.
Employed 11/5/1981 to 7/11/1989, 7 years, 8 months. Automotive Mechanic

MOTION: RETIREMENT APPLICATIONS

Member Goldstein made the motion to approve the retirement applications 1 through 15 with minor administrative corrections made to list as appropriate.

Second to the Motion: Member Morgan

Unanimous by the Board.

6. OLD BUSINESS

Chairperson Echols

- Pension Survivor Benefits

Chairperson Echols brought to the attention of the Pension Board that a City of Marietta employee had recently died while employed. There were questions regarding clarification of his survivor benefits.

The employee was a full-time employee at the time of his death and had reached retirement eligibility; however, his wife was not eligible to receive any pension survivor benefits. There were other incidents reported by Pension Board members in regard to this same type of situation.

As there are no survivor benefits allowed under the Consolidated Retirement Plan for active employees who are retirement eligible, Chairperson Echols reached out to the Pension Board Attorney Patti Keesler for her review and advice. Chairperson Echols expressed his concern and pointed out that the City needs to do a better job of employee education on retirement benefits. Patti Keesler suggested that the Board take a look at the plan because of other municipalities that do offer survivor benefits in these cases.

6. OLD BUSINESS
(Continued)

Chairperson Echols

- Pension Survivor Benefits

Member Milligan also was aware of another similar scenario and stated that he feels the Board needs to make changes in the Survivor Benefits.

MOTION: ARTICLE IV, SECTION 3, CONSOLIDATED PLAN, PARAGRAPH 2

Member Goldstein made the motion for appropriate language (adding the words "and eligible to receive") to be added to clarify participants who are not eligible to receive refunds of participant contributions as suggested by Patti Keesler, Pension Board Attorney.

Second to the Motion: Member Lockhart

Unanimous by the Board.

Member Bruton stated that Ex-Officio Member Davy Godfrey priced out an insurance increase amount of three times salary up to \$300,000 to be effective January 1, 2016. Per Member Bruton, this will actually save the City money, and will go to Council at the August 26 committee meeting. He also stated it will need to be revisited over time.

Member Milligan pointed out that we need to look at disability benefits. General discussions continued with the suggestion of assigning a sub-committee to review them. Chairperson Echols suggested that Members Milligan, King, and Morgan form a committee and report back at the next Pension Board Meeting. Member Goldstein commented that if this committee involves expanded benefits, he would not agree. Member King suggested that they should look into it for possible options.

- Article IX – Application, Benefit Payments & Claim Procedures

ARTICLE IX

Application, Benefit Payments and Claim Procedures

Section 1. Benefits payments generally.

A. A participant who is eligible to receive benefits under this plan and makes application in accordance with the rules of this retirement plan shall be entitled upon retirement to receive the monthly benefits provided for the remainder of his life, subject to the provisions of this plan. Benefit payments shall be payable commencing with the first full calendar month in which the participant has fulfilled all the conditions for entitlement to benefits.

B. However, in no event shall deferral of commencement of benefits be allowed whereby it can be reasonably anticipated (except on account of premature death) that benefits will inure primarily to a beneficiary rather than to the employee.

C. Pension payment shall end with the payment for the month in which the death of the pensioner occurs, except as provided in accordance with a joint and survivor benefit.

ARTICLE IX

Application, Benefit Payments and Claim Procedures

Section 1. Benefits payments generally
(Continued)

D. Pension benefits shall be payable commencing with the month following the month in which the claimant has fulfilled all the conditions for entitlement to benefits, including the requirement of section 2 of the filing of an application and notice of retirement with the pension board. The first day of such first month is what is meant by the "effective date" of the pension.

An employee may elect, in writing filed with the pension board, to receive benefits first payable for a later month, provided that no such election may postpone the commencement of benefits to a date later than April 1 following the calendar year in which the employee will reach age 70½, or, if later, retires.

E. In order to properly calculate all duty performed, the issuance of the first pension check will occur no later than the fifteenth day of the month in which benefits are payable. Subsequent pension checks will be issued on or before the first day of the month in which benefits are payable.

~~E.~~ F. If a participant's beneficiary is not his surviving spouse, the payment of any benefits under the plan that become payable on account of the participant's death shall begin no later than one year from the date of death and shall be distributed over the life of the beneficiary (or a period not extending beyond the life expectancy of such beneficiary).

MOTION: ARTICLE IX, Section 1 – APPLICATION, BENEFIT PAYMENTS & CLAIM PROCEDURES

Member Zerbe made the motion to accept the language as presented (adding a new paragraph E and changing the current paragraph E to paragraph F.

Second to the Motion: Member Lockhart

Unanimous by the Board.

Chairperson Echols reminded the Board of the upcoming GAPPT meeting to be held September 21 – 24, in Savannah. This is not a training session but will be a good time to meet representatives from other areas.

7. **NEW BUSINESS**

Chairperson Echols

CONSOLIDATION OF PROVIDERS

Chairperson Echols suggested that the Board may be interested in a consolidation of providers of deferred compensation and supplemental pension. In the handouts provided there were three (3) providers with presentations in the form of information papers:

- ICMA-RC (in re: benefits of consolidation of providers)
- Nationwide (in re: benefits of consolidation of providers)
- Principal (in re: Jackie Deckman's possible partnership with Principal)

7. **NEW BUSINESS**
(continued)

Chairperson Echols

Chairperson Echols stated that Jackie Deckman has proposed to serve the City working in a partnership with Principal. She is currently an independent advisor. Ex-Officio Sam Lady stated that a contract with Principal for her would need to be as a sub-contractor and if it was actually a joint partnership, then this would need to go out for bids.

Chairperson Echols and Member Morgan previously met briefly with Victor Banks of Nationwide. Chairperson Echols stated that the information was for Board review only, and no action was or is required.

After Board discussions, Chairperson Echols stated that valid points were brought out and therefore it would be hard to make movement at this time. However, he agreed to get something in writing from Principal reference to the sub-contractor or partnership question with Jackie Deckman.

BI-ANNUAL PENSION VERIFICATION SUMMARY

Cynthia Sanh, HR Benefits Manager, confirmed that twenty-three (23) disability pension verifications were certified and all contained appropriate information required by the code. Regular pension verifications for retirees: 394 were mailed and twenty-one (21) forms are outstanding. Cynthia Sanh asked the Board how she should proceed.

MOTION: DELINQUENT RETIREE PENSION VERIFICATION FORMS

Member Milligan made the Motion to send a certified letter allowing retirees thirty (30) days TO submit the verification form or else their pension checks would be held in paper form at City Hall. They are to contact Cynthia Sanh at 770-794-5564.

Second to the Motion: Member Morgan
Unanimous by the Board.

Ex-Officio Davy Godfrey confirmed that all disability certifications met the required criteria, and that only one disability retiree needed to submit a verification form in December 2015 because of the two-year requirement since his retirement.

MOTION: PENSION VERIFICATIONS

Member Goldstein made the Motion to accept the twenty-three (23) Pension Verifications that have been submitted properly and are verified.

Second to the Motion: Member Zerbe
Unanimous by the Board.

ELECTION OF OFFICERS

Chairperson Echols

Chairperson Echols addressed the Pension Board, stating that it has been a pleasure working with everyone and receiving all of their input. Chairperson Echols called for a motion to elect a new Chairperson.

7. **NEW BUSINESS**
(continued)

MOTION: ELECTION OF PENSION BOARD CHAIRPERSON

Member Tim Milligan made the motion to elect Freddy Morgan as Chairperson of the Pension Board.

Second to the motion by Member Goldstein

7 Approved / Member Bruton Abstained

Chairperson Echols called for a motion to elect a new Vice Chairperson

MOTION: ELECTION OF PENSION BOARD VICE CHAIRPERSON

Member Jake King made the motion to elect Tim Milligan as Vice Chairperson of the Pension Board.

Second to the motion by Member Goldstein
Unanimous

Jake King agreed to serve on the Pension Board Calculation Committee. He asked to meet with Cynthia Sanh to process a pending disability claim.

- Update Signatures for SunTrust Addendum for a Legal Entity

Davy Godfrey

MOTION: SUNTRUST ADDENDUM FOR A LEGAL ENTITY

Member Tim Milligan made the motion to update the Legal Entity signatures by removing Barry Echols and Bill Bruton and add Chairperson Freddy Morgan and Cynthia Sanh.

Second to the motion by Member Zerbe.
Unanimous by the Board

Next Pension Board Meeting: WEDNESDAY, NOVEMBER 11, 2015
4TH FLOOR CONFERENCE ROOM
9:00 am

Chairperson Echols

MOTION: ADJOURN

Chairperson Morgan called for a motion to adjourn at 11:15 am
Second to the Motion by Member Lockhart

Unanimous by the Board

PENSION BOARD MEETING

**Wednesday, August 12, 2015
9:00 AM – Fourth Floor Conference Room**

APPROVED THIS 11 DAY OF Nov, 2015



Freddy Morgan, Chairperson, Pension Board

ATTEST:



Davy Godfrey, Pension Board Secretary